

LEPELLE-NKUMPI
LOCAL MUNICIPALITY



ANNUAL FINANCIAL STATEMENTS
2010/2011

Annual Financial Statements

for

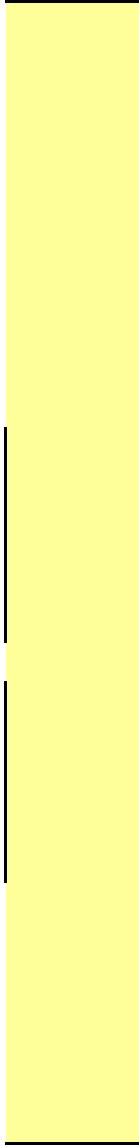
LEPELLE NKUMPI MUNICIPALITY

for the year ended 30 Jun **2011**

Province: Limpopo

AFS rounding: **R (i.e. only cents)**

Contact Information:	
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LEPELLE NKUMPI MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2011

General information

Members of the Council

Masoga MC/Phaahla MV Sibanda N G Mohlatlole MF/Molaba LC	Mayor Speaker Chiefwhip
Maposo KD Leopeng ME Mapheto NJ Kekana R Mphahlele MR Ledwaba LE Phosa NB Phasha MN Sehlapelo MJ	Member of the Executive Committee
Kekana TD Kekana TG Mashatole SR Motloutsi SG Phaahla VM Mphahlele MT Matlala RP Mphahlele RP Mashita DJK Mathabatha MD Mphofelo SM Nkhuna MJ Doubada NN Mashiloane MA Mphahlele HMM Mphahlele MF Ntsoane MR Makgahlele MB Kekana MJ Masola VM Mothapo HR Mankge JT Phogole MJ	Members

Kekana ND
Kekana MA
Moreroa NE
Mmako RF
Mogale QR
Phalane M
Ramokolo MM
Modikoa MD
Mphahlele RB
Koma ME
Sebake PT
Noko MJ
Mphahlele LE
Zwane GC

Municipal Manager

Maketu. F. Ramaphakela

Chief Financial Officer

Kgathane V. Choshane

Grading of Local Authority

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Auditors

Auditor-General

Bankers

FIRST NATIONAL BANK

LEPELLE NKUMPI MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2011

General information (continued)

Registered Office:	Lebowakgomo
Physical address:	170 BA Civic Centre Lebowakgomo 0737
Postal address:	Private Bag Chuenespoort 0745
Telephone number:	015 633 4500
Fax number:	015 633 6896
E-mail address:	veronica.choshane@lepelle-nkumpi.gov.za

**LEPELLE NKUMPI MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS**
for the year ended 30 June 2011

Approval of annual financial statements

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 38, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in note 24 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the

M.F. RAMAPHAKELA
Municipal Manager:

DATE: 10 November 2011

LEPELLE NKUMPI MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2011

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LEPELLE NKUMPI MUNICIPALITY
STATEMENT OF FINANCIAL POSITION
as at 30 June 2011

	Note	2011 R	2010 R
ASSETS			
Current assets			
Cash and cash equivalents	2	90,995,534	64,262,991
Trade and other receivables from exchange transactions	3	22,024,139	7,460,955
Other receivables from non-exchange transactions	4	1,468,956	4,726,770
Inventories	5	802,577	913,665
Prepayments	6	-	1,042,488
VAT receivable	7	8,638,852	8,269,363
Operating lease asset	8	35,885	24,517
Non-current assets			
Property, plant and equipment	9	356,590,692	296,679,834
Total assets		480,556,636	383,380,583
LIABILITIES			
Current liabilities			
Trade and other payables from exchange transactions	10	20,707,625	13,568,584
Consumer deposits	11	474,621	453,696
Unspent conditional grants and receipts	12	9,856,283	16,083,213
Current portion of finance lease liability	13	57,480	120,312
Operating lease liabilities	14	-	21,986
Non-current liabilities			
Non-current finance lease liability	13	74,757	132,232
Total liabilities		31,170,767	30,380,023
		449,385,869	353,000,560
NET ASSETS			
Revaluation surplus			
Accumulated surplus		449,385,868	353,000,546
Total net assets		449,385,868	353,000,546

LEPELLE NKUMPI MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE
for the year ending 30 June 2011

	Note	2011 R	2010 R
Revenue			
Property rates	15	57,900,299	23,598,482
Service charges		3,656,281	4,050,753
Rental of facilities and equipment		81,962	129,939
Interest earned - external investments	16	3,630,990	3,690,007
Interest earned - outstanding receivables	17	6,517,771	5,382,406
Fines		470,415	212,689
Commission on sale of water	18	4,370,254	3,269,731
Donation	19	65,139,163	732,684
Licences and permits-Dept of Transport	20	722,614	2,529,010
Government grants and subsidies	21	125,583,332	117,266,099
Other income	22	4,102,334	7,747,070
Total revenue		272,175,413	168,608,869
Expenses			
Audit Fees		2,129,055	1,144,530
Employee related costs	23	34,689,921	23,357,232
Remuneration of councillors	24	10,423,509	10,658,334
Depreciation and amortisation expense	25	60,533,623	6,423,634
Repairs and maintenance		1,898,949	2,057,829
Finance costs	26	156,257	197,826
Free Basic Services- Electricity		5,429,808	4,111,617
FMG interns allowance		3,759,973	1,805,928
Leave Pay Provision Charge		930,159	561,116
PMU Expenses		636,695	834,954
Contracted services	27	3,303,767	1,371,165
General expenses	28	23,122,117	18,643,132
Total expenses		147,013,832	71,167,297
Loss on sale of assets		-	332,529
Impairment of doubtful debts	29	28,524,501	41,128,198
Inventory write off	5	251,758	129,716
Surplus for the period		96,385,322	55,851,130

LEPELLE NKUMPI MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS
as at 30 June 2011

Note	Revaluation Reserve	Accumulated Surplus/(Deficit)	Total: Net Assets
	R	R	R
Balance at 30 Jun 2009	-	109,182,787 55,851,130	109,182,787 55,851,130
Net Surplus for year	-	165,033,917	165,033,917
Balance at 30 Jun 2010	-	52,756,736	52,756,736
Surplus on fair value adjustment of property, plant and equipment	-	135,209,894	135,209,894
Prior year adjustments	-	353,000,546	353,000,546
Restated balance at 30 June 2010	-	-	-
Transfer of revaluation surplus to Accumulated surplus	-	96,385,322	96,385,322
Net Surplus for the year.	-	449,385,868	449,385,868
Balance at 30 Jun 2011	-		

LEPELLE NKUMPI MUNICIPALITY
CASH FLOW STATEMENT

as at 30 June 2011

	Note	2011 R	2010 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government and others		167,207,380	136,257,377
Cash paid to suppliers and employees		(99,979,831)	(72,069,400)
Cash generated from / (utilized in) operations		67,227,549	64,187,977
Interest received		3,630,990	3,690,007
Net cash flows from operating activities		70,858,538	67,877,984
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets		(43,912,250)	(46,450,983)
Proceeds from sale of fixed assets		-	114,936
Net cash flows from investing activities		(43,912,250)	(46,336,047)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of finance lease liability-capital portion		(57,475)	(120,314)
Repayment of finance lease liability-interest portion		(156,257)	(197,826)
Net cash flows from financing activities		(213,731)	(318,140)
Net increase / (decrease) in net cash and cash equivalent		26,732,557	21,223,797
Net cash and cash equivalents at beginning of period		64,262,990	43,039,193
Net cash and cash equivalents at end of period	31	90,995,547	64,262,990

LEPELLE NKUMPI MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the year ending 30 June 2011

1 BASIS OF ACCOUNTING

1.1 BASIS OF PRESENTATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost basis unless specified otherwise. Under this basis the effects of transactions and other events are recognised when they occur and recorded in the Financial Statements in the period in which they relate.

These annual financial statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the above GRAP have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3. These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (SA GAAP) including any interpretations of such statements issued by the Accounting Practices Board.

The Minister of Finance has, in terms of General Notice 1290 of 2008 exempted compliance with certain of the above-mentioned standards and aspects or parts of these standards. Details of the exemptions applicable to the municipality have been provided in the notes to the annual statements.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant policy.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

1.2 PRESENTATION CURRENTY

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

1.3 GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next 12 months.

1.4 COMPARATIVE INFORMATION

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.5 SIGNIFICANT ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

These Annual Financial Statements have been prepared on a going concern basis. In preparing the annual financial statements to conform with the standards of GRAP, management is required to make estimates, judgements and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future may differ from these estimates.

All significant estimates, judgements and underlying assumptions are reviewed on constant basis. All necessary revisions of significant estimates are recognised in the period during such revisions as well as in any future affected periods.

1.6 PROPERTY, PLANT AND EQUIPMENT

1.6.1 INITIAL RECOGNITION

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. The cost of property, plant and equipment is recognised as an asset when:

- It is probable that future economic benefits or service potential associated with the item will flow to the municipality,
- The cost of the item can be measured reliably.

Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

Where an item of property, plant and equipment was donated, it is initially recognised at its fair value as at the date of acquisition.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

1.6.2 SUBSEQUENT MEASUREMENT - COST MODEL

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Heritage assets which are culturally significant resources are shown at cost and not depreciated due to the uncertainty regarding their useful lives. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

1.6.3 DEPRECIATION AND IMPAIRMENT

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets.

The depreciation charge is recognised as an expense unless it is included in the carrying amount of another asset under construction.

Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

Infrastructure		Other	
Roads and Paving	3-50 years		
Electricity	7-50 years	Specialist vehicles	7-15 years
Community		Other vehicles	5 years
Buildings	25-30 years	Office equipment	3-7 years
Recreational Facilities	20 years		
Security	25-30 years	Furniture and fittings	10 years
Halls	30 years	Specialised plant and equipment	5 years
Libraries	30 years	Other items of plant and equipment	5 years
Parks and gardens	30 years	Bins and containers	5 years
Other assets	20-30 years	Computer equipment	3 years
Heritage assets			
Paintings and artifacts	N/A		
Finance lease assets			
Office equipment	5		

The residual value, the useful life of an asset and the depreciation method is reviewed annually and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.

1.6.4 DERECOGNITION

Property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.7 INVENTORIES

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, conversion costs, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value using the average cost basis, unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down with regard to their economic or realisable values and sold by public auction. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

1.8 FINANCIAL INSTRUMENTS

Financial instruments are initially recognised at fair value.

SUBSEQUENT MEASUREMENT

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to-maturity, loans and receivables, or available for sale. Financial liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation and, in the absence of an approved GRAP Standard on Financial Instruments, is in accordance with IAS 39.

1.8.1

INVESTMENTS

Investments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are categorised as either held-to-maturity where the criteria for that categorisation are met, or as loans and receivables, and are measured at amortised cost. Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

1.8.2

TRADE AND OTHER RECEIVABLES

Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as current.

An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

1.8.3

TRADE PAYABLES

Financial liabilities consist of trade payables. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost which is the initial carrying amount, less repayments, plus interest.

1.8.4

CASH AND CASH

Cash includes cash on hand and cash at the banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred.

1.9 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.9.1. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.9.2. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.10 PROVISIONS

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

Provisions are not recognised for future operating losses. The present obligation under an onerous contract is however recognised and measured as a provision.

1.11 LEASES

Leases that transfer substantially all the risks and rewards of ownership are classified as finance leases. All other leases are classified as operating leases.

Operating lease payments or receipts are recognised on a straight line basis over the term of the relevant lease.

**1.11.1 MUNICIPALITY AS LESSEE
FINANCE LEASE**

The leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term. Any contingent rents are expensed in the period in which they are incurred.

OPERATING LEASE

Operating leases payments are recognised as an expense on a straight line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease liability or asset.

1.11.2 MUNICIPALITY AS LESSOR

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

1.12 REVENUE

Revenue shall be measured at the fair value of consideration received or receivable. It is reduced for estimated customer returns, VAT and other similar allowances.

CRITERIA TO BE MET FOR REVENUE RECOGNITION

- 1.1 Delivery has occurred or service has been rendered
- 1.2 Transaction costs can be reliably measured
- 1.3 Service rendered is based on the stage of completion of transaction, based on the proportion that total costs incurred to date bear the total cost of the project

1.12.1 REVENUE FROM EXCHANGE TRANSACTIONS

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

An exchange transaction is one which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal values to the other party in exchange. fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable,willing parties in an arm 's length transaction

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse containers per property.

Interest revenue is recognised on a time proportion basis.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods is passed to the consumer.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

1.12.2 REVENUE FROM NON-EXCHANGE TRANSACTIONS

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received, together with an estimate of spot fines and summonses that will be received based on past experience of amounts collected.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, a deferred income (liability) is recognised.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

1.12.3 GRANTS, TRANSFERS AND DONATIONS

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

1.13 EMPLOYEE BENEFITS

1.13 Short-term employee

The cost of short-term employee benefits, which include salaries and wages, short-term compensated absences and profit sharing and bonus plans, are expensed in the Statement of Financial Performance in the financial year during which the payment is made.

Liabilities for short-term employee benefits that are unpaid at year-end are measured at the undiscounted amount that the municipality expected to pay in exchange for that service that had accumulated at the reporting date.

1.13.2 RETIREMENT BENEFITS

The municipality contributes to various contribution plans for its employees and councillors. The contribution paid to the various contribution plans is expensed in the year it is incurred as employee costs.

1.14 IMPAIRMENT OF ASSETS

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

The recoverable service amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An impairment loss is recognised for cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

- to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.16 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

GRAP 8 Interest in Joint Ventures - issued August 2006
GRAP 18 Segment Reporting - issued March 2005

GRAP 21 Impairment of Non-Cash Generating Assets
GRAP 23 Revenue from Non-Exchange Transactions (Taxes and Transfers) - issued Feb 2008
GRAP 24 Presentation of Budget Information in Financial Statements - issued November 2007
GRAP 103 Heritage Assets - issued July 2008
GRAP104 Financial Instruments

LEPELLE NKUMPI MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

	Note	2011
		R
2 CASH AND CASH EQUIVALENTS		
Cash and cash equivalents consist of the following:		
Cash on hand		(56)
Cash at bank		5,316,375
Call deposits		<u>85,679,215</u>
		<u>90,995,534</u>
The cash on hand consists of cash received from customers by the municipality but not yet deposited into the bank and petty cash.		
The Municipality has the following bank accounts: -		
<u>Call Account (Paymaster)</u>		
First National Bank: Lebowakgomo		
Account number: 62063356888		
Cash book balance at beginning of year		<u>58,601,899</u>
Cash book balance at end of year		<u>85,679,215</u>
Bank statement balance at beginning of year		<u>58,601,899</u>
Bank statement balance at end of year		<u>85,679,215</u>
<u>Current Account (Paymaster)</u>		
First National Bank: Lebowakgomo		
Account number: 62063345790		
Cash book balance at beginning of year		<u>1,220,862</u>
Cash book balance at end of year		<u>1,026,979</u>
Bank statement balance at beginning of year		<u>1,293,496</u>
Bank statement balance at end of year		<u>1,972,111</u>
<u>Current Account (Revenue Account)</u>		
First National Bank: Lebowakgomo		
Account number: 62063342720		
Cash book balance at beginning of year		<u>4,248,195</u>
Cash book balance at end of year		<u>4,288,631</u>
Bank statement balance at beginning of year		<u>4,156,515</u>
Bank statement balance at end of year		<u>4,226,492</u>
<u>Current Account (Salary Account)</u>		
First National Bank: Lebowakgomo		
Account number: 62063345980		
Cash book balance at beginning of year		<u>190,541</u>
Cash book balance at end of year		<u>765</u>
Bank statement balance at beginning of year		<u>190,541</u>
Bank statement balance at end of year		<u>764.57</u>
<u>Cash on hand</u>		
Total cash and cash equivalents		<u>(56)</u>
Total bank overdraft		<u>90,995,534</u>
		<u>-</u>

LEPELLE NKUMPI MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

Note	2011
	R

LEPELLE NKUMPI MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

	Note	2011
	R	R
3 TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS		
<u>Trade receivables</u>		
as at 30 June 2011		
Service debtors		
Rates	77,259,046	(58,218,022)
Refuse	10,054,411	(7,576,432)
Other	1,859,770	(1,354,634)
Total	<u>89,173,227</u>	<u>(67,149,088)</u>
as at 30 June 2010		
Service debtors		
Rates	33,691,472	(31,456,798)
Refuse	13,083,324	(9,753,421)
Other	13,275,635	(11,379,258)
Total	<u>60,050,432</u>	<u>(52,589,477)</u>
<u>Rates: Ageing</u>		
Current (0 – 30 days)	3,704,102	
31 - 60 Days	5,658,234	
61 - 90 Days	5,815,925	
91 - 120 Days	4,286,810	
121 - 365 Days	34,528,132	
+ 365 Days	23,265,843	
Total	<u>77,259,046</u>	
<u>Refuse: Ageing</u>		
Current (0 – 30 days)	2,686	
31 - 60 Days	715,332	
61 - 90 Days	377,718	
91 - 120 Days	370,894	
121 - 365 Days	2,784,378	
+ 365 Days	5,803,403	
Total	<u>10,054,411</u>	
<u>Other : Ageing</u>		
Current (0 – 30 days)	1,160,338	
31 - 60 Days	61,362	
61 - 90 Days	-	
91 - 120 Days	984	
121 - 365 Days	17,526	
+ 365 Days	619,561	
Total	<u>1,859,770</u>	

LEPELLE NKUMPI MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

	Note	2011
		R
4 OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS		
Debtors received in advance		-
Car Loans		18,052
Sundry debtors		1,065,447
Other		385,457
Total Other Debtors		<u>1,468,955</u>

5 INVENTORIES

Consumable stores - at cost	802,577
Opening balance	913,665
Purchases	2,647,470
Issues	(2,506,801)
Write down	(251,758)
Land	1
Total inventory	<u>802,577</u>

6 PREPAYMENTS

Prepaid expenses	(0)
------------------	-----

7 VALUE ADDED TAX

VAT SARS - Refundable	5,027,284
Accrued VAT - (Debtors & Creditors)	3,611,568
Net VAT refundable	<u>8,638,852</u>

VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.

8 OPERATING LEASE ASSET

Opening balance	24,517
Equalised lease rental income	66,822
Annual lease receipts	(55,454)
Deferred Operating lease liability	<u>35,885</u>
Amounts receivable under operating leases	62,723
Within one year	313,173
Within 2-5 years	<u>187,835</u>

The average lease term is 10 years and the leases have fixed repayment terms and other escalate between 7% and 8% per annum. No arrangements have been entered into for contingent rent.

2010
R

1 494
5,659,599
58 601 899
64,262,991

40,602,976
58,601,899
40,602,976
58 601 899

(626,338)
1,220,862
2,783,090
1,293,496

3 047 755
4 248 195
2 982 921
4 156 515

14,106
190,541
14,106
190,541
1,494
64,262,991
-

2010
R

2010
R

Net Balance
R

19,041,024
2,477,979
505,136
<u>22,024,139</u>

2,234,674
3,329,903
1,896,377
<u>7,460,955</u>

2,169,010
2,131,605
2,099,285
2,108,600
14,414,726
10,768,246
<u>33,691,472</u>

369,332
357,508
353,988
350,512
2,334,637
9,317,346
<u>13,083,324</u>

204,184
606,194
577,087
543,374
2,244,147
9,100,649
<u>13,275,635</u>

2010
R

287,808
4,340,013
98,949
<u>4,726,770</u>

913,665
922,001
563,035
(441,655)
(129,716)
-
<u>913,665</u>

1,042,488

9,065,486
(796,123)
<u>8,269,363</u>

14,784
44,438
(34,706)
<u>24,517</u>
33,948
163,434
<u>139,582</u>

LEPELLE NKUMPI MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

9 PROPERTY, PLANT AND EQUIPMENT

9.1 Reconciliation of Carrying Value	Land	Buildings	Infrastructure	Community	Heritage	Other Assets	Finance lease assets	Total
	R	R	R	R	R	R	R	R
as at 1 July 2010	24,351,592	5,095,629	159,454,493	88,918,691	27,831	18,702,291	129,307	296,679,833
Cost/Revaluation	24,351,592	9,424,165	273,186,400	156,544,377	27,831	27,451,758	285,091	491,271,214
Correction of error								-
Change in accounting policy								-
Accumulated depreciation and impairment losses	-	(4,328,536)	(113,731,907)	(67,625,687)	-	(8,749,467)	(155,784)	(194,591,381)
Acquisitions	-	675,090	23,551,542	-	-	3,873,505	-	28,100,138
Fair value Adjustment	-	-	76,994,018	-	-	-	-	76,994,018
Capital under Construction	-	-	9,293,485	6,539,425	-	-	-	15,832,910
Depreciation	-	(320,193)	(50,608,968)	(5,761,907)	-	(3,785,537)	(57,018)	(60,533,623)
Carrying value of disposals	-	-	-	-	-	(10,648)	-	(10,648)
Cost/Revaluation	-	-	-	-	-	(20,601)	-	(20,601)
Accumulated depreciation and impairment losses	-	-	-	-	-	9,953	-	9,953
Impairment loss/Reversal of impairment loss	-	-	-	-	-	-	-	-
Transfers	-	-	-	(471,937)	-	-	-	(471,937)
Other movements*	-	-	-	-	-	-	-	-
as at 30 June 2011	24,351,592	5,450,526	218,684,570	89,224,271	27,831	18,779,612	72,289	356,590,692
Cost/Revaluation	24,351,592	10,099,255	306,031,427	162,611,865	27,831	31,304,662	285,091	534,711,724
Accumulated depreciation and impairment losses	-	(4,648,729)	(87,346,857)	(73,387,594)	-	(12,525,051)	(212,802)	(178,121,033)

5,450,526

Refer to Appendix B for more detail on property, plant and equipment

LEPELLE NKUMPI MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

9.1 Reconciliation of Carrying Value	Land	Buildings	Infrastructure	Community	Heritage	Other Assets	Finance lease assets	Total
	R	R	R	R	R	R	R	R
as at 1 July 2009	1	4,118,756	40,276,876	14,575,550	-	10,005,499	186,325	69,163,007
Cost/Revaluation	1	4,509,228	41,815,692	15,803,397	-	16,510,573	285,091	78,923,982
Correction of error (note 34)								-
Accumulated depreciation and impairment losses	-	(390,472)	(1,538,816)	(1,227,847)	-	(6,505,074)	(98,766)	(9,760,975)
Acquisitions	-	-	24,125,848	3,058,597	27,831	12,234,241	-	39,446,517
Fair value adjustment	24,351,591	4,914,937	200,654,835	137,268,029				367,189,393
Capital under Construction	-	-	6,590,025	414,354	-	-		7,004,379
Depreciation	-	(3,938,064)	(109,766,189)	(66,397,840)	-	(3,084,885)	(57,018)	(183,243,996)
Carrying value of disposals	-	-	(2,426,902)	-	-	(452,564)	-	(2,879,466)
Cost/Revaluation	-	-	-	-	-	(1,293,056)	-	(1,293,056)
Accumulated depreciation and impairment losses	-	-	(2,426,902)	-	-	840,492	-	(1,586,410)
Impairment loss/Reversal of impairment loss	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
*Other movements	-	-	-	-	-	-	-	-
as at 30 June 2010	24,351,592	5,095,629	159,454,493	88,918,691	27,831	18,702,291	129,307	296,679,834
Cost/Revaluation	24,351,592	9,424,165	273,186,400	156,544,377	27,831	27,451,758	285,091	491,271,215
Accumulated depreciation and impairment losses	-	(4,328,536)	(113,731,907)	(67,625,687)	-	(8,749,467)	(155,784)	(194,591,381)

Refer to Appendix B for more detail on property, plant and equipment

LEPELLE NKUMPI MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

	Note	2011	2010
		R	R
10 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS			
Accruals		4,888,402	3,901,267
Payments received in advance		1,679,479	357,310
Retentions		7,143,720	4,005,691
Staff leave accrual		3,114,490	2,961,604
Bonus Accrual		1,659,106	704,662
Department of Roads & Transport		179,445	171,635
Other creditors		2,042,984	1,466,416
Total creditors		20,707,625	13,568,584

The fair value of trade and other payables approximates their carrying amounts.

11 CONSUMER DEPOSITS

Electricity and Water	474,621	453,696
Total consumer deposits	474,621	453,696

No interest is paid on consumer deposits.

LEPELLE NKUMPI MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

	Note	2011 R	2010 R
12 UNSPENT CONDITIONAL GRANTS AND RECEIPTS			
12.1 Conditional Grants from other spheres of Government			
Finance Management Grant		273,722	1,103,420
Municipal Infrastructure Grant		7,598,668	3,050,732
Municipal Systems Improvement Grant		255,064	27,264
Capricorn District		(108,427)	8,900,176
PHP Housing grant		86,642	
LED leadership		327,926	327,926
Local Government		105,952	105,952
EU grant		259	259
Other grants		9,733	9,733
Department of Minerals & Energy		1,393,386	2,373,098
Total Conditional Grants and Receipts		9,856,283	16,083,213

See Note 31 for reconciliation of grants and receipts. These amounts are invested in ring-fenced investment until utilised.

13 FINANCE LEASE LIABILITY

	2011	Minimum lease payment R	Future finance charges R	Present value of minimum lease payments R
Amounts payable under finance leases				
Within one year		122,617.04	(65,137)	57,480
Within two to five years		111,480.60	(36,723)	74,757
		<u>234,098</u>	<u>(101,860)</u>	<u>132,238</u>
Less: Amount due for settlement within 12 months (current portion)				<u>57,480</u>
				<u>74,757</u>

The average lease term is 5 years and the average effective borrowing rate is 82%. Interest rates are fixed at the contract date. Some leases have fixed repayment terms and other escalate between 15% per annum. No arrangements have been entered into for contingent rent. Obligations under finance leases are secured by the lessor's title to the leased asset.

	2010	Minimum lease payment R	Future finance charges R	Present value of minimum lease payments R
Amounts payable under finance leases				
Within one year		276,563	(156,257)	120,312
Within two to five years		234,098	(101,860)	132,232
		<u>510,660</u>	<u>(258,117)</u>	<u>252,544</u>
Current portion of the Finance Lease Liability				<u>120,312</u>
Non-current portion of the Finance Lease Liability				<u>132,232</u>

The average lease term is 5 years and the average effective borrowing rate is 82%. Interest rates are fixed at the contract date. Some leases have fixed repayment terms and other escalate between 15% per annum. No arrangements have been entered into for contingent rent. Obligations under finance leases are secured by the lessor's title to the leased asset.

14 OPERATING LEASE LIABILITY

Opening balance		21,986	32,291
Equalised lease rental expense		227,411	341,117
Annual lease payments		(249,397)	(351,422)
Deferred Operating lease liability		-	21,986
 Amounts payable under operating leases			
Within one year		-	227,411
Within 2-5 years		-	-
The average lease term is 3 years and the leases have fixed repayment terms and other escalate between 15% per annum.		<u>-</u>	<u>227,411</u>

LEPELLE NKUMPI MUNICIPALITY
 NOTES TO THE FINANCIAL STATEMENTS
 for the year ended 30 June 2011

	Note	2011 R	2010 R
15 PROPERTY RATES			
Actual		57,900,299	23,598,482
Residential		8,912,123	8,449,289
Commercial		6,920,908	4,344,318
Agriculture		20,997,318	2,867,926
State		21,065,949	7,936,949
Other		-	-
Total property rates		57,900,299	23,598,482
Valuations			
Residential		1 194 182 898	1 122 336 503
Commercial		165 233 979	163 767 946
Agriculture		273 135 849	273 337 532
State		272 877 113	279 725 071
Other		13 953 574	16 277 247
Total Property Valuations		1,919,385,413	1,855,444,299

Other valuations refers to Churches, and Municipal properties which are not billable.
 Valuations on land and buildings are performed every 5 years. The last general valuation came into effect on 1 July 2008. Interim valuations are processed on an annual basis to take into account the changes in individual property values due to alterations and subdivisions. The next general valuation will be implemented on 01 July 2013.

16 INTEREST EARNED - EXTERNAL INVESTMENTS

External investments- Call Deposits (FNB)	3,630,990	3,690,007
Total interest	3,630,990	3,690,007

17 INTEREST EARNED - OUTSTANDING RECEIVABLES

Interest earned	6,517,771	5,382,406
Total interest	6,517,771	5,382,406

18 COMMISSION EARNED
 Commission Received- Sale of water

	4,370,254	3,269,731
--	------------------	------------------

The commission received from Capricorn District Municipality for collection of revenue relating to water and sanitation on behalf of the District Municipality. There was a agreement allowing Lepelle nkumpi to get all the revenue collected during the current year. The amount reflected is therefore 100% of the current year water related debtor collection.

19 DONATION RECEIVED

Assets received as donation	65,139,163	-
Total donation received	65,139,163	-

During the year, the municipality received movable and non movable assets from Public works and Capricorn district municipality. These assets were capitalised in the statement of financial position and the net book value of these assets was recognised as donation received in the statement of financial performance.

LEPELLE NKUMPI MUNICIPALITY
 NOTES TO THE FINANCIAL STATEMENTS
 for the year ended 30 June 2011

	Note	2011	2010
		R	R
20 AGENCY INCOME		722,614	2,529,010

Traffic department revenue

The agency fees are earned from Department of Roads and Transport for collection on its behalf.

21 GOVERNMENT GRANTS AND SUBSIDIES

Operating Grants

Equitable share
 Finance Management Grant
 Municipal Systems Improvement Grant
 Capricorn District Municipality
 Other-Skills development grant

98,406,097	84,017,356
93,573,613	76,925,463
3,918,707	1,843,213
522,200	733,779
218,468	4,514,901
73,110	-

Capital Grants

Municipal Infrastructural Grant
 PHP Housing Grant
 Department of Minerals and Energy
 Finance Management Grant
 Capricorn District Municipality

27,177,235	36,247,461
14,829,064	24,957,504
86,642	377,937
3,478,712	2,426,902
-	82,041
8,781,817	8,403,077
125,583,332	120,264,817

21.1 Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members and for the running of operations within municipality.

21.2 Finance Management Grant

Balance unspent at beginning of year
 Current year receipts
 Conditions met – transferred to revenue
Unspent amount transferred to liabilities

1,192,429	367,683
3,000,000	2,750,000
(3,918,707)	(1,925,254)
273,722	1,192,429

This grant was utilized for the appointment of interns in the Finance and Auditing field, financial capacity building and capital and operational resource allocation. Other than the unspent amount, the conditions of the grant were met and no funds have been withheld.

21.3 Municipal Systems Improvement Grant

Balance unspent at beginning of year
 Current year receipts
 Conditions met – transferred to revenue
Unspent amount transferred to liabilities

27,264	26,043
750,000	735,000
(522,200)	(733,779)
255,064	27,264

The grant was used to implement institutional projects to assist in improving institutional capacity. Other than the unspent amount, the conditions of the grant were met and no funds have been withheld.

21.4 Municipal Infrastructure Grant (MIG)

Balance unspent at beginning of year
 Current year receipts
 Conditions met – transferred to revenue
Unspent amount transferred to liabilities

3,050,732	3,747,236
19,377,000	24,261,000
(14,829,064)	(24,957,504)
7,598,668	3,050,732

This grant was used to the construction of roads and storm water, building of community halls and installation of high masts. Other than the unspent amount, the conditions of the grant were met and no funds have been withheld.

LEPELLE NKUMPI MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

	Note	2011 R	2010 R
21.5 Capricorn District Municipality Grants			
Balance unspent at beginning of year		8,637,764	16,119,664
Current year receipts		5,434,532	
Conditions met – transferred to revenue		(8,746,192)	(12,916,432)
Unspent amount transferred to liabilities		<u>(108,427)</u>	<u>8,637,764</u>

The amount is for a combination of different grants. It was used for construction of Taxi Ranks, Stadium, Roads and purchasing of Waste Removal Equipment. The operational conditions was utilised for strengthening of ward committees and Land Audit.

	2011	0
Balance unspent at beginning of year	2,373,098	
Current year receipts	2,500,000	4,800,000
Conditions met – transferred to revenue	-3,479,712	(2,426,902)
Unspent amount transferred to liabilities	<u>1,393,386</u>	<u>2,373,098</u>

The grant was utilised for electrification of areas that do not have electricity as in accordance to the municipal IDP.

	2011	0
Balance unspent at beginning of year	86,642	464,579
Current year receipts	-	-
Conditions met – transferred to revenue	-86,642	(377,937)
Unspent amount transferred to liabilities	<u>0</u>	<u>86,642</u>

The grant was utilised for the completion of PHP houses on behalf of Department of Local Government and Housing.

	2011	0
Balance unspent at beginning of year	327,926	327,926
Current year receipts	-	-
Conditions met – transferred to revenue	-	-
Unspent amount transferred to liabilities	<u>327,926</u>	<u>327,926</u>

The grant was used to implement LED learnerships. Other than the unspent amount, the conditions of the grant were met and no funds have been withheld.

	2011	0
Balance unspent at beginning of year	105,952	105,952
Current year receipts	-	-
Conditions met – transferred to revenue	-	-
Unspent amount transferred to liabilities	<u>105,952</u>	<u>105,952</u>

The grant was not spent.

	2011	0
Balance unspent at beginning of year	259	259
Current year receipts	-	-
Conditions met – transferred to revenue	-	-
Unspent amount transferred to liabilities	<u>259</u>	<u>259</u>

The grant was used for the implementation of LED programmes.

	2011	0
Balance unspent at beginning of year	9,733	9,733
Current year receipts	-	-
Conditions met – transferred to revenue	-	-
Unspent amount transferred to liabilities	<u>9,733</u>	<u>9,733</u>

The grant was not spent during the current year.

Changes in levels of government grants

Based on the allocations set out in the Division of Revenue Act, (Act 12 of 2009), no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.

LEPELLE NKUMPI MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

	Note R	2011 R	2010 R
22 OTHER INCOME			
CDM Creditors written off		6,545,758	
Cattle Pound		316,108	
Database and tender revenue		390,442	409,663
New Connections		32,456	17,741
Deed of sale and Hawkers licence		56,931	2,896
Building plans, Clearance certificates		77,182	172,610
Sundry		3,129,851	291,294
Total Other Income		4,102,334	7,747,069

23 EMPLOYEE RELATED COSTS

Employee related costs - Salaries and Wages	23,618,025	15,096,084
Bonus	302,025	1,146,461
Medical Aid-Company contribution	1,200,980	993,169
UIF	179,928	141,686
SDL	302,037	267,447
Other payroll levies	38,697	10,478
Cash in Lieu of Leave	-	698,645
Pension- Defined contribution plan	4,523,143	3,351,543
Housing benefits and allowances	98,398	106,742
Overtime payments	547,338	289,485
13 th cheque bonuses	1,631,106	-
Ading allowance	46,289	21,513
Car allowance	1,673,955	1,270,779
Total Employee Related Costs	34,689,921	23,357,232

There were no advances to employees / Loans to employees are set out in note 3.

Remuneration of the Municipal Manager

Annual Remuneration	467,664	680,374
Performance- and other bonuses	-	40,338
Travel, motor car, accommodation, subsistence and other allowances	126,353	-
Contributions to UIF, Medical and Pension Funds	147,289	116,591
Total	741,306	837,303

Remuneration of the Chief Finance Officer

Annual Remuneration	490,868	399,342
Performance- and other bonuses	77,443	50,219
Travel, motor car, accommodation, subsistence and other allowances	104,305	106,956
Contributions to UIF, Medical and Pension Funds	141,037	112,151
Total	813,653	668,667

Remuneration of Individual Executive Directors

	Technical Services R	Corporate Services R	Community Services R
2011			
Annual Remuneration	467,373	352,645	366,183
Performance- and other bonuses	-	-	-
Travel, motor car, accommodation, subsistence and other allowances	57,151	86,945	70,423
Contributions to UIF, Medical and Pension Funds	102,851	108,541	86,884
Total	627,375	548,131	523,490

	Technical Services R	Corporate Services R	Community Services R
2010			
Annual Remuneration	24,800	-	-
Performance- and other bonuses	8,266	-	-
Travel, motor car, accommodation, subsistence and other allowances	0	-	-
Contributions to UIF, Medical and Pension Funds	5,584	-	-
Total	38,650	-	-

The corporate and community services posts were vacant in the prior year. The Technical service was only occupied at year end.

LEPELLE NKUMPI MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

	Note	2011	2010
		R	R
24 REMUNERATION OF COUNCILLORS			
Executive Mayor		610,823	488,470
Deputy Executive Mayor		473,873	396,677
Speaker		448,182	343,712
Councillors		8,881,621	9,429,475
Total Councillors' Remuneration		10,423,509	10,658,334

The Mayor, Speaker and the Chief Whip are full time. Each is provided with an office and the Mayor has secretarial support. The Mayor has use of a Council owned vehicle and driver for official duties.

25 DEPRECIATION AND AMORTISATION EXPENSE

Property, plant and equipment	60,533,623	6,423,634
Total Depreciation and Amortisation	60,533,623	6,423,634

26 FINANCE COSTS

Interest on finance leases	156,257	197,826
Total Finance Costs	156,257	197,826

27 CONTRACTED SERVICES

Contracted services for:		
Security costs	3,303,767	1,371,165
Total	3,303,767	1,371,165

28 GENERAL EXPENSES

Included in general expenses are the following:-

Accommodation and Meals	1,156,753	491,192
Advertising	1,100,764	568,207
Bank Charges	178,338	166,799
Cleaning	387,701	82,186
Conferences and seminars	83,026	55,316
Consultancy Fee	1,038,581	477,638
Council expense	723,993	418,250
Electricity	620,637	1,368,449
Environmental management plan	176,025	
FMG interns allowance	-	
Fleet	2,126,957	1,607,452
Forensic services	95,602	996,810
Interest penalty	-	3,566
IT expenses	-	70,448
Insurance	1,307,465	903,004
Internal Audit Services	-	2,912
Lease rentals on operating lease	332,956	804,033
Legal fees	706,806	694,903
Magazines, Books & Periodicals	119,666	37,001
Telephone and cellphone and fax	1,380,750	1,195,801
LED strategy and projects	331,710	1,195,250
PMU expenses	-	
Postage and courier	195,218	183,507
Printing and Stationery	524,463	294,924
Protective Clothing	159,654	59,183
Refuse	249,140	1,093,283
Staff welfare	144,027	74,287
Stores and materials	141,123	66,948
Subscription and system licensing	356,189	190,828
Sundry expenses	89,419	265,819
Traffic expense	-	423,168
Training and skills development	521,980	340,161
Travel and subsistence	298,003	265,666
Valuation roll	98,516	
Water Provision Expenses	8,476,756	4,162,602
Other expenditure	23,122,117	18,643,132

LEPELLE NKUMPI MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

Note	2011 R	2010 R
29 DOUBTFUL DEBT MOVEMENT		
Opening balance	52,589,477	11,461,279
Write off against provision	(13,063,800)	-
Balance after write off	38,625,696	
Provision for current year	28,524,501	41,128,198
Closing balance at year end	67,149,098	52,589,477

The municipality wrote off all outstanding residential debtors as at 30 June 2009 to the value of R15 million excluding VAT. The write off was set off against provision of bad debts (R13 million) and consumer deposits (R2 million).

30 CASH GENERATED BY OPERATIONS

Surplus/(deficit) for the year	96,385,322	55,851,130
Adjustment for:-		
Depreciation and amortisation	60,533,623	6,423,634
(Gain) / loss on sale of assets	-	332,529
Donation received	(65,139,163)	-
Inventory write downs	251,758	129,716
Contribution to provisions - current	156,257	197,826
Finance costs: Finance leases	-	41,128,198
Debtor impairment	Interest earned	(3,630,990)
Other non-cash item: Bad debts written off	(3,690,007)	(3,690,007)
Operating surplus before working capital changes:	88,556,807	100,373,026
(Increase)/(decrease) in inventories	111,088	8,336
(Increase)/(decrease) in consumer debtors	(29,122,795)	(27,821,211)
(Increase)/(decrease) in other receivables	3,257,814	202,214
(Increase)/(decrease) in other adjustments	2,914,785	(129,716)
(Increase)/(decrease) in prepayments	1,042,498	(1,042,498)
(Increase)/(decrease) in VAT receivable	(369,489)	783,416
Increase/(decrease) in conditional grants and receipts	(6,226,930)	(3,621,312)
Increase/(decrease) in trade payables	7,139,041	(3,169,551)
Decrease in short term obligations	(62,832)	61,786
Decrease/increase in operating lease asset as lessor	(11,368)	-
Increase/(decrease) in consumer deposits	20,925	(1,446,214)
Decrease/increase in operating lease accruals	(21,986)	(10,306)
Cash generated by/(utilised in) operations	67,227,549	64,187,980

31 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following:

Bank balances and cash	90,995,534	64,262,991
Net cash and cash equivalents (net of bank overdrafts)	90,995,534	64,262,991

32 CORRECTION OF ERROR

During the year ended 30 June 2010 and previous years assets transferred from the Transitional Legislative Council (TLC) were not included in the municipality's records. Operating lease income items were also were incorrectly stated. The comparatives were retrospectively restated as below;

Statement of Financial Performance	
Depreciation	39,372,126
Traffic revenue	261,794
Traffic fines	69,805
Communications network rental	1,512
advertising boards	2,359
Building plans:residential	2,409
Building plans: Business	3,443
Burial fees	379
Cattle pound	2,870
Clearance certificate	100
Clearance certificate	422
Connection fees : Water	343
Mortgage bonds	1,810
Tender revenue	6,754
Transfer of property	2,609
Application fees : Pto - residential	982
Application fees : Pto - business	228
All penalties	149
Municipal halls	2,614
Stop cock	127
Calculation of interest	9
Output vat income from sundry	4,042
Operating leases - straight lining	24,517
Net effect on surplus/(deficit) for the year	39,661,402
Statement of Financial Position	
Property Plant & Equipment	(134,836,843)
Accumulated depreciation	(8,281,471)
Deferred Operating Lease Liability	(24,517)
Net effect on Statement of Financial Position	(143,142,831)

LEPELLE NKUMPI MUNICIPALITY
 NOTES TO THE FINANCIAL STATEMENTS
 for the year ended 30 June 2011

	Note	2011	2010
		R	R

UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL
 33 EXPENDITURE DISALLOWED

33.1 Unauthorised expenditure

Reconciliation of unauthorised expenditure

Opening balance	-	-
Unauthorised expenditure current year	-	-
Approved by Council or condoned	-	-
Transfer to receivables for recovery	-	-
Unauthorised expenditure awaiting authorisation	-	-

33.2 Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure

Opening balance -	3,566	-
Fruitless and wasteful expenditure current year	2,664,326	3,566
Condoned or written off by Council	-	-
To be recovered - contingent asset (see note 55)	-	-
Fruitless and wasteful expenditure awaiting condonement	2,667,892	3,566

33.3 Irregular expenditure

Reconciliation of irregular expenditure

Opening balance	4,990,243	-
Fruitless and wasteful expenditure current year	37,097,681	4,990,243
Condoned or written off by Council	-	-
Transfer to receivables for recovery - not condoned	-	-
Irregular expenditure awaiting condonement	42,087,924	4,990,243

ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE

34 MANAGEMENT ACT

34.1 Contributions to organised local government

Opening balance	-	-
Council subscriptions	156,800	103,856
Amount paid - current	(156,800)	(103,856)
Amount paid - previous years	-	-
Balance unpaid (included in payables)	-	-

34.2 Audit fees

Opening balance	4,258	66,010
Current year audit fee	2,129,055	1,140,272
Amount paid - current year	(2,133,313)	(1,202,024)
Amount paid - previous years	-	-
Balance unpaid (included in payables)	-	4,258

34.3 VAT

VAT input receivables and VAT output payables are shown in note 7. All VAT returns have been submitted by the due date throughout the year.

34.4 PAYE and UIF

Opening balance	5,805,396	5,116,652
Current year payroll deductions	(5,805,396)	(5,116,652)
Amount paid - current year	-	-
Amount paid - previous years	-	-
Balance unpaid (included in payables)	-	-

The balance represents PAYE and UIF deducted from employees for the financial year ending June 2011 payroll. These amounts were paid during the same financial year.

34.5 Pension and Medical Aid Deductions

Opening balance	11,110,425	9,713,860
Current year payroll deductions and Council Contributions	(11,110,425)	(9,713,860)
Amount paid - current year	-	-
Amount paid - previous years	-	-
Balance unpaid (included in payables)	-	-

The balance represents pension and medical aid contributions deducted from employees for year ending June 2011 payroll as well as Council's contributions to pension and medical aid funds. These amounts were paid during the same financial year.

LEPELLE NKUMPI MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

	Note	2011 R	2010 R
34.6 Councillor's arrear consumer accounts			
The following Councillors had arrear accounts outstanding for more than 90 days as at:			
	Total	Outstanding less than 90 days	Outstanding more than 90 days
	R	R	R
as at 30 June 2011			
Councillor KD Maphoso	8337.15	1110.85	7226.3
Councillor J.T. Mankge	3067.77	287.27	2780.5
Councillor MV Phasha	9915.52	1330.12	8585.4
Councillor MN Phosa	11132.38	2205.92	8926.46
Councillor LL Ramoshaba	3394.62	287.27	3107.35
Councillor ES Phasha	16206.86	2310.16	13996.7
Councillor HR Motshojo	7221.08	3709.39	3511.69
Councillor GC Zwane	2465.25	440.18	2025.07
Councillor NM Doubada	12757.86	3179.79	9578.07
Councillor ME Koma	6741.62	2496.43	4245.19
Total Councillor Arrear Consumer Accounts	81,340	17,357	63,983
as at 30 June 2010			
Councillor ME Koma	2,445	1,495	949
Councillor H.M. Motshojo	5,769	1,281	4,488
Councillor J.T. Mankge	8,399	1,037	7,362
Councillor MN Phosa	3,146	475	2,672
Councillor LL Ramoshaba	3,457	1,708	1,750
Councillor ES Phasha	6,067	1,562	4,506
Councillor MV Phasha	13,652	2,116	11,136
Councillor GC Zwane	5,656	561	5,097
Councillor HR Motshojo	14,452	2,547	11,905
Councillor NM Doubada	9,264	2,577	6,687
Total Councillor Arrear Consumer Accounts	72,309	15,759	56,551

35 CAPITAL COMMITMENTS

35.1 Commitments in respect of capital expenditure

- Approved and contracted for	18,021,784	34,674,861
Infrastructure	17,375,058	34,674,861
Other	646,726	-
- Approved but not yet contracted for		
Other	-	932,042
Total	18,021,784	35,606,903

This expenditure will be financed from:

- Government Grants	18,021,784	34,674,861
- Own resources	-	932,042
	18,021,784	35,606,903

36 Operating leases

At the reporting date the entity has outstanding commitments under operating leases which fall due as follows:

Operating leases - lessee

Within one year	227,102	425,390
In the second to fifth year inclusive	73,177	151,401
After five years	-	-
Total		
	300,279	576,791

Operating Leases consists of the following:

Operating lease payments represent rentals payable by the municipality for certain of its office

Operating leases - as lessor

Minimum lease payments due		
Within one year	62,723	33,948
In second to fifth year inclusive	313,173	163,434
After five years	187,835	139,562
Total		
	563,731	336,964

Operating Leases consists of the following:

The municipality have land and other properties (including buildings) are held to generate rental income. Lease agreements are non-cancellable and have terms from 5 to 10 years.

LEPELLE NKUMPI MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

Note	2011	2010
	R	R

37 RETIREMENT BENEFIT INFORMATION

Defined contribution plan

The following are defined contribution plans used by the municipal employees: Municipal Gratuity Fund, Municipal Employee Pension Fund and National Fund for Municipal Workers. An amount of R4 523 143 (2010 : R3 351 543) was contributed by Council in respect of Councillors and employees retirement funding. These contributions have been expensed and are included in employee related costs for the year.

38 CONTINGENT LIABILITY

Claim for damages	3,077,367	3,545,485
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The Municipality is being sued by a service provider with regard to the compilation of a credible valuation roll. Council is contesting the claim based on legal advice. There are also claims of occupation of land by individuals and business people.

39 RELATED PARTIES

Members of key management

Compensation to councillors and other key management (refer to note 24 & 25)

Related party balances

The following were transaction and balances with various related parties.

	Transactions	Balances
Water services-sales	30,654,741	30,654,741
Interest income on debtors	3,833,394	3,833,394
Councillors-Remuneration	81,340	72,309
Capricorn District Council		
Debtors-Water services	74,623,915	91,538,384
Debtor-interest	8,070,837	4,237,443
Assets donated to the municipality	81,924,013	-

40 EVENTS AFTER THE REPORTING DATE

No material circumstances have happened after year end which would warrant disclosure.

41 KEY SOURCES OF ESTIMATION UNCERTAINTY AND JUDGEMENTS

The following areas involved judgements, apart from those involving estimations disclosed above, that management has made in the process of applying the municipality's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

- Provision for doubtful debts
- Impairment of assets
- Useful lives and residual values of property, plant, and equipment

42 RISK MANAGEMENT

42.1 Maximum credit risk exposure

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits Trade receivables comprise a widespread customer base. Management evaluates credit risk Financial assets exposed to credit risk at year end were as follows:

FNB Paymaster General Account	1,972,111	1,220,862
FNB Revenue Bank Account	4,286,631	4,248,195
FNB Salaries Bank Account	765	190,541
FNB Cell deposits	85,679,215	58,601,899
Trade and other receivables	32,131,947	21,499,576

These balances represent the maximum exposure to credit risk.

42.2 Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The table below analyses the municipality's financial liabilities into relevant maturity groupings

2011	2010
Financial Liabilities	
Trade and other payables	20,707,625
Other	10,330,904
Gross finance lease obligations	234,098
	12,863,922
	16,265,539
	510,660

42.3 Interest rate risk

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

LEPELLE NKUMPI MUNICIPALITY
APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2011

	bank												Transfers in (out)	Other move- ments													
	Opening Balance		Additions		(Devaluation)/Reva- luation- Cost		Transfer-in - Cost		Disposals		Under Construction		Closing Balance		Opening Balance		Revalued Accumulated Depreciation		Depreciation		Disposals		Impairment loss/Reversal of Impairment loss		Closing Balance		
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R		
Land																											
Land	24,351,592	-	-	-	-	-	-	-	-	-	-	-	-	24,351,592	-	-	-	-	-	-	-	-	-	-	-	-	
Landfill Sites	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Quarries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
	24,351,592	-	-	-	-	-	-	-	-	-	-	-	-	24,351,592	-	-	-	-	-	-	-	-	-	-	-	-	
Buildings	9,424,165	675,090	-	-	-	-	-	-	-	-	-	-	-	10,099,255	(4,328,536)	-	(320,193)	-	-	-	(4,648,729)	-	-	-	-	-	
Infrastructure														-	-	-	-	-	-	-	-	-	-	-	-	-	
Storm Water	8,893,548	-	-	-	-	-	-	-	-	-	-	-	-	8,893,548	(1,156,205)	-	(177,871)	-	-	-	(1,324,176)	-	-	-	-	-	
Roads	236,174,004	23,551,542	-	-	-	-	-	-	-	-	-	-	-	2,004,433	261,729,979	(23,595,936)	(49,567,971)	-	-	-	(73,163,907)	-	-	-	-	-	
Road furniture	126,317	-	-	-	-	-	-	-	-	-	-	-	-	126,317	(11,340)	-	(7,607)	-	-	-	(18,947)	-	-	-	-	-	
Electricity Reticulation	27,992,531	-	-	-	-	-	-	-	-	-	-	-	-	7,289,053	35,281,584	(11,974,308)	(855,519)	-	-	-	(12,829,828)	-	-	-	-	-	
Electricity Peak Load Equip	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Water Mains & Purification	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Reservoirs - Water	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Water Meters	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Storm Water	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
	273,186,400	23,551,542	-	-	-	-	-	-	-	-	-	-	-	9,293,485	306,031,427	(36,737,889)	-	(50,608,968)	-	-	-	(87,346,857)	-	-	-	-	-
Community Assets														-	-	-	-	-	-	-	-	-	-	-	-	-	
Traffic Station	3,005,690	-	-	-	-	-	-	-	-	-	-	-	-	3,005,690	(400,759)	-	(100,190)	-	-	-	(500,948)	-	-	-	-	-	
Libraries	808,872	-	-	-	-	-	-	-	-	-	-	-	-	808,872	(161,774)	-	(26,962)	-	-	-	(188,737)	-	-	-	-	-	
Recreation Grounds	259,101	-	-	-	-	-	-	-	-	-	-	-	-	259,101	(2,319)	-	(17,273)	-	-	-	(19,592)	-	-	-	-	-	
Showgrounds	83,372,200	-	-	-	-	-	-	-	-	-	-	-	-	83,372,200	(52,624,652)	-	(2,779,073)	-	-	-	(55,403,726)	-	-	-	-	-	
RDP Houses	377,837	-	-	-	-	-	-	-	-	-	-	-	-	94,000	471,937	-	-	-	-	-	(471,937)	-	-	-	-	-	
Stadiums	2,352,338	-	-	-	-	-	-	-	-	-	-	-	-	2,109,726	4,462,064	(1,053,081)	(78,411)	-	-	-	(1,131,492)	-	-	-	-	-	
Community Halls	35,681,241	-	-	-	-	-	-	-	-	-	-	-	-	2,628,234	38,309,475	(6,079,912)	(1,189,375)	-	-	-	(7,269,287)	-	-	-	-	-	
Taxi Ranks & Bus Shelters	23,676,703	-	-	-	-	-	-	-	-	-	-	-	-	23,676,703	(7,152,101)	-	(1,327,482)	-	-	-	(8,479,583)	-	-	-	-	-	
Hawker Stalls	283,920	-	-	-	-	-	-	-	-	-	-	-	-	283,920	(151,086)	(18,928)	-	-	-	-	(170,016)	-	-	-	-	-	
Cemetaries	-	-	-	-	-	-	-	-	-	-	-	-	-	636,685	636,685	-	-	-	-	-	-	-	-	-	-	-	
Culture Centre	6,726,374	-	-	-	-	-	-	-	-	-	-	-	-	1,070,780	7,797,154	-	(224,212)	-	-	-	(224,212)	-	-	-	-	-	
	156,544,377	-	-	-	-	-	-	-	-	-	-	-	-	6,539,425	163,063,802	(67,625,687)	-	(5,761,907)	-	-	-	(73,387,594)	(471,937)	-	-	-	-
Heritage Assets														-	-	-	-	-	-	-	-	-	-	-	-	-	
Historical Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Paintings & Artifacts	27,831	-	-	-	-	-	-	-	-	-	-	-	-	27,831	-	-	-	-	-	-	-	-	-	-	-	-	
	27,831	-	-	-	-	-	-	-	-	-	-	-	-	27,831	-	-	-	-	-	-	-	-	-	-	-	-	
Total carried forward	463,534,365	24,226,632	-	-	-	-	-	-	-	-	-	-	-	15,832,910	503,593,908	(108,692,112)	-	(56,691,068)	-	-	-	(165,383,180)	(471,937)	-	-	-	-

LEPELLE NKUMPI MUNICIPALITY
APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2011

	Cost / Revaluation							Accumulated Depreciation							Other movements
	Opening Balance	Additions	(Devaluation)/Revaluation - Cost	Transfer-in - Cost	Disposals	Under Construction	Closing Balance	Opening Balance	Revalued Accumulated Depreciation	Depreciation	Disposals	Impairment/Reversal of impairment loss	Closing Balance	Transfers	
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
Total brought forward	463,534,365	24,226,632	-	-	-	15,832,910	503,593,908	(108,692,112)	-	(56,691,068)	-	-	(165,383,180)	(471,937)	-
Other Assets															
Office Equipment	2,818,131	522,365		(20,601)	-	3,319,895	(1,775,735)	(555,928)	9,953	-	(2,321,710)	-	-	-	-
Furniture & Fittings	2,100,281	329,949		-	-	2,430,230	(876,927)	(204,869)	-	-	(1,081,796)	-	-	-	-
Bins and Containers	654,646			-	-	654,646	(251,610)	(88,687)	-	-	(340,297)	-	-	-	-
Specialised vehicles	9,495,546	1,355,829		-	-	10,851,375	(390,900)	(659,039)	-	-	(1,049,939)	-	-	-	-
Motor vehicles	4,718,147	1,481,079		-	-	6,199,226	(2,180,657)	(1,057,657)	-	-	(3,238,314)	-	-	-	-
Plant and equipment	6,881,552	164,151		-	-	7,045,703	(3,117,533)	(1,093,112)	-	-	(4,210,645)	-	-	-	-
Security measures	783,455	20,132		-	-	803,587	(156,105)	(126,245)	-	-	(282,350)	-	-	-	-
	27,451,758	3,873,505	-	-	(20,601)	-	31,304,662	(8,749,467)	-	(3,785,537)	9,953	-	(12,525,051)	-	-
Finance Lease Assets															
Office Equipment	285,091	-		-	-	285,091	(155,784)	(57,018)	-	-	(212,802)	-	-	-	-
	285,091	-		-	-	285,091	(155,784)	(57,018)	-	-	(212,802)	-	-	-	-
Total	491,271,214	28,100,138	-	-	(20,601)	15,832,910	535,183,661	(117,597,363)	-	(60,533,623)	9,953	-	(178,121,033)	(471,937)	-

LEPELLE NKUMPI MUNICIPALITY
APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2010

	Cost / Valuation											Accumulated Depreciation							Transfers in/ (Out)	Other move- ments	
	Opening Balance	Additions	(Devaluation)/Reva- luation - Cost	Transfer-in - Cost	Disposals	Under Construction	Closing Balance	Opening Balance	Revalued Accumulated Depreciation	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance								
Land																					
Land	1	-	4,183,876	20,167,716	-	-	24,351,592														
Landfill Sites	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Quarries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
	1	-	-	-	-	-	24,351,592	-	-	-	-	-	-	-	-	-	-	-	-		
Buildings	4,509,228		(1,435,336)	6,350,273			9,424,165	(390,472)	(3,787,756)	(150,308)								(4,328,536)	-	-	
Infrastructure																					
Drains																					
Roads, Stormwater, Pavements	36,017,248	21,698,946	19,551,487	161,783,138		6,143,050	245,193,869	(1,442,640)	(95,563,615)	(2,324,442)								(99,330,697)	-	-	
Sewerage Mains & Purification	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Electricity Reticulation	5,798,444	2,426,902	19,320,210			446,975	27,992,531	(96,176)	(11,674,902)	(203,230)	(2,426,902)							(14,401,210)	-	-	
Electricity Peak Load Equip	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Water Mains & Purification	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Reservoirs - Water	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Water Meters	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Storm Water	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
	41,815,692	24,125,848	38,871,697	161,783,138	-	6,590,025	273,186,400	(1,538,816)	(107,238,517)	(2,527,672)	(2,426,902)	-						(113,731,907)	-	-	
Community Assets																					
Traffic Station	2,138,429	-	867,261			-	3,005,690	-	(342,950)	(57,809)	-	-	-	-	-	-	(400,759)	-	-		
Libraries	5,988,690	-	(5,179,818)			-	808,872	(598,869)	636,718	(199,623)	-	-	-	-	-	-	(161,774)	-	-		
Recreational facilities	84,151	259,100	83,288,050			-	83,631,301	(7,110)	(52,614,737)	(5,124)	-	-	-	-	-	-	(52,626,971)	-	-		
RDP	-	-	-			377,937	377,937	-	-	-	-	-	-	-	-	-	-	-	-		
Stadiums	-	-	890,691	1,461,647		-	2,352,338	-	(1,053,081)	(1,053,081)	-	-	-	-	-	-	(1,053,081)	-	-		
Community Halls	6,444,600	-	(1,876,281)	31,076,505	-	36,417	35,681,241	(578,497)	(5,308,583)	(192,832)	-	-	-	-	-	-	(6,079,912)	-	-		
Tax Ranks and Bus Shelters	622,758	2,799,497	3,749,949	16,504,499	-	-	23,676,703	-	(7,021,231)	(130,870)	-	-	-	-	-	-	(7,152,101)	-	-		
Hawker Stalls	524,769	-	(326,529)	85,680	-	-	283,920	(43,371)	(90,225)	(17,492)	-	-	-	-	-	-	(151,088)	-	-		
Cemeteries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Culture Centre	-	-	6,726,374			-	6,726,374	-	-	-	-	-	-	-	-	-	-	-	-		
	15,803,397	3,058,597	81,413,325	55,854,705	-	414,354	156,544,377	(1,227,847)	(65,794,090)	(603,750)	-	-	-	-	-	-	(67,625,687)	-	-		
Heritage Assets																					
Historical Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Paintings & Artifacts	-	27,831	-	-	-	-	27,831	-	-	-	-	-	-	-	-	-	-	-	-		
	-	27,831	-	-	-	-	27,831	-	-	-	-	-	-	-	-	-	-	-	-		
Total carried forward	62,128,318	27,212,276	118,849,685	223,988,116	-	7,004,379	463,534,366	(3,157,135)	(3,281,730)	(2,426,902)	-							(185,686,130)	-	-	

LEPELLE NKUMPI MUNICIPALITY
APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2010

	Cost / Revaluation								Accumulated Depreciation					Transfers in /out)	Other movements	
	Opening Balance		Additions	(Devaluation)/Revaluation - Cost	Transfer-in - Cost	Disposals	Under Construction	Closing Balance	Opening Balance		Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance		
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
Total brought forward	62,128,318	27,212,276	118,849,685		223,988,116	-	7,004,379	463,534,366	(3,157,135)	(3,281,730)	(2,426,902)	-	(185,686,130)	-	-	
Other Assets																
Office Equipment	2,737,076	532,094			(451,930)	-	2,818,131	(1,752,625)	(469,265)	446,155	-	(1,775,735)	-	-	-	
Furniture & Fittings	1,891,498	304,766			(95,983)	-	2,100,281	(756,029)	(199,164)	78,266	-	(876,927)	-	-	-	
Bins and Containers	438,874	220,860			(5,086)	-	654,646	(166,510)	(80,188)	5,088	-	(251,610)	-	-	-	
Specialised vehicles	848,800	8,646,746			-	-	9,495,546	(6,046)	(384,854)	-	-	(390,000)	-	-	-	
Motor vehicles	4,872,230	560,287			(704,370)	-	4,718,147	(1,574,141)	(882,549)	276,033	-	(2,180,657)	-	-	-	
Plant and equipment	5,380,875	1,536,353			(35,676)	-	6,881,552	(2,169,277)	(983,206)	34,950	-	(3,117,533)	-	-	-	
Security measures	341,220	442,235			-	-	783,455	(80,546)	(75,559)	-	-	(156,105)	-	-	-	
	16,510,573	12,234,241	-	-	(1,293,056)	-	27,451,758	(6,505,074)	(3,084,885)	840,492	-	(8,749,467)	-	-	-	
Finance Lease Assets																
Office Equipment	285,091	-			-	-	285,091	(98,766)	(57,018)	-	-	(155,784)	-	-	-	
	285,091	-	-	-	-	-	285,091	(98,766)	(57,018)	-	-	(155,784)	-	-	-	
Total	78,923,982	39,446,517	118,849,685		223,988,116	(1,293,056)	7,004,379	491,271,215	(9,760,975)	(6,423,633)	(1,586,410)	-	(194,591,381)	-	-	-

Carrying Value
R
24,351,592
-
-
24,351,592
5,450,526
7,659,372
188,566,072
107,370
22,491,756
-
-
-
-
218,684,570
2,504,742
620,136
239,509
27,968,474
3,330,572
31,040,188
15,197,120
113,904
636,685
7,572,941
89,224,271
-
27,831
27,831
337,738,790

Carrying Value
R
337,738,790
998,185
1,348,435
314,349
9,801,436
2,960,912
2,835,058
521,236
<hr/> 18,779,612
72,289
<hr/> 72,289
356,590,691

Carrying Value
R
24,351,592
-
24,351,592
5,095,629
-
145,863,172
13,591,321
-
-
-
-
159,454,493
2,604,932
647,098
31,004,330
377,837
1,299,258
29,801,320
16,524,602
132,832
6,726,374
88,918,691
-
27,831
27,831
277,848,236

Carrying Value
R
277,848,236
1,042,396
1,223,354
403,036
9,104,646
2,537,490
3,764,019
627,350
18,702,291
129,307
129,307
296,679,834

